

m/049/009

From: Wayne Hedberg
To: Mary Ann Wright; Minerals
Date: 2/26/03 10:55AM
Subject: Phone memo to file - Status Chief Consolidated , Burgin/Trixie Mines (2/26/03)

On February 26, 2003, after playing phone tag for several days with Mr. Christopher Arnold (of Dimeling, Schreiber & Park), a representative for Chief Consolidated Mining Company, I reached his associate (and co-Director) Richard Schreiber. Mr. Schreiber gave me a detailed account of the current operational status and background information that resulted in the temporary suspension of mining operations at Chief's Burgin and Trixie mine properties.

He has been actively working, through his legal firm, to raise sufficient capital to pay off Chief's outstanding debt (\$1.3 million) and to reactivate operations at the Trixie mine and Burgin mill. He said they have raised and are holding almost \$1,000,000 thus far. He sees no reason why this operation should slip into bankruptcy at the present time. He feels it has far too much potential, and there has been too much money invested over the past few years to let it go under.

He said they have solicited and have had a number of joint venture partners approach them recently. They are considering these offers and proposals currently. They also have sent out letters to all the creditors recently (~20 letters) asking them to agree to temporarily take \$0.20 on the dollar for their outstanding debts to allow them to get back into production and producing a positive cash flow. Only 2 or 3 (smaller debtors <\$1,000 each) of the letters have not come back signed agreeing to accept their payoff proposal. He said he would fax us a copy of a representative letter. Mr. Schreiber also said they hoped to have a decision made to move forward within the next 30-days or so.

I asked him to send us a response letter to our latest certified letter summarizing the information we discussed on the phone regarding the status of their operations and financial activities. He agreed to talk this over with Mr. Arnold when he returned tomorrow and send us a response accordingly, probably by next week.

Joelle, please copy to both mine files. Thank you.